

LOCH ALPINE SANITARY AUTHORITY
OF WEBSTER AND SCIO TOWNSHIPS

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

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Pfeffer, Hanniford & Palka
Certified Public Accountants

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December 12, 2008

Board of Trustees
Loch Alpine Sanitary Authority of
Webster and Scio Townships
827 North Zeeb Road
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INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the Loch Alpine Sanitary Authority of Webster and Scio Townships as of and for the year ended June 30, 2008. These financial statements are the responsibility of the Authority Board. Our responsibility is to express an opinion on these financial statements based on the audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the government activities of the Loch Alpine Sanitary Authority of Webster and Scio Townships, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year end in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 6 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Loch Alpine Sanitary Authority of Webster and Scio Townships' basic financial statements. The Supplementary Information presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information have not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

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Certified Public Accountants

MANAGEMENT
DISCUSSION
AND ANALYSIS

Within this section of the Loch Alpine Sanitary Authority of Webster and Scio Townships' financial report, the Authority's management provides a narrative discussion and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2008. This narrative discusses and analyzes the activity within the context of the financial statements and disclosures which follow this section

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Authority's financial statements. The financial statements include all the statements required by the Governmental Accounting Standards Board (and the notes to the financial statements). The Authority also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Authority's annual report includes two Authority-wide financial statements. These statements provide both long-term and short-term information about the Authority's overall status. Financial reporting at this level uses a perspective similar to that used in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these statements is the Statement of Net Assets. This is the Authority-wide statement of position presenting information that includes all the Authority's total assets and liabilities the difference reported as net assets. An increasing or decreasing trend in net assets can indicate whether the health of the authority is improving or deteriorating. However, one must also consider non-financial factors when determining the health of any entity.

The second government-wide statement is the Statement of Revenues, Expenses and Changes in Net Assets which reports how the Authority's net assets changed during the current fiscal year. This statement shows the financial reliance of the Authority's distinct activities or functions on the revenues generated by the Authority.

The Authority's financial reporting includes all the funds of the Authority (primary government) and, additionally, organizations for which the Authority is accountable (component units). Since the Authority's sole purpose is to operate and manage a water and sewer system, it maintains only one fund, thus it prepares no fund financial statements.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements.

Other information

In addition to the financial statements and accompanying notes, this report also presents certain supplementary information. Other supplementary information includes a budget to actual reconciliation for current year Authority operations.

Financial Analysis of the Authority as a Whole

The Authority's net assets at the end of the fiscal year were \$2,481,238. This is an \$80,344 increase over last year's net assets of \$2,400,894.

The following tables provide a summary of the Authority's financial activities and changes in net assets:

Summary of Net Assets

	<u>6/30/2008</u>	<u>6/30/2007</u>
Current and other assets	\$ 1,486,191	\$ 1,121,173
Capital assets, net	<u>3,229,024</u>	<u>1,302,076</u>
Total assets	<u>4,715,215</u>	<u>2,423,249</u>
Accounts payable/deposits	274,679	22,355
Long-term debt	<u>1,959,298</u>	
Total liabilities	<u>2,233,977</u>	<u>22,355</u>
Net assets:		
Invested in capital assets, net of related debt	1,269,726	1,302,076
Unrestricted	<u>1,211,512</u>	<u>1,098,818</u>
Total net assets	<u>\$ 2,481,238</u>	<u>\$ 2,400,894</u>

Summary of Changes in Net Assets

	<u>6/30/2008</u>	<u>6/30/2007</u>
Operating revenues	\$ 535,223	\$ 449,890
Operating expenses		
General	265,326	231,593
Sewer	112,097	168,993
Water	<u>97,993</u>	<u>128,976</u>
Total operating expenses	<u>475,416</u>	<u>529,562</u>
Operating income (loss)	<u>59,807</u>	<u>(79,672)</u>
Non-operating revenues (expenses)		
Loss on disposal of capital assets		(360)
Interest (expense)	(12,250)	
Grant income		40,680
Interest income	<u>32,787</u>	<u>37,984</u>
Total non-operating revenues (expenses)	<u>20,537</u>	<u>78,304</u>
Change in net assets	80,344	(1,368)
Beginning net assets	<u>2,400,894</u>	<u>2,402,262</u>
Ending net assets	<u><u>\$ 2,481,238</u></u>	<u><u>\$ 2,400,894</u></u>

Revenues from operations increased by 19% from the prior fiscal year, while operating expenses increased by 10%.

As a result, net income increased from \$1,368 loss for the year ended June 30, 2007 to net income of \$80,344 for the year ended June 30, 2008. Additionally, a total of \$1,742,870 was spent on acquiring and improving the Authority's capital assets.

Capital and Debt Administration

In October 2007 the Authority issued \$2,200,000 of bonds to finance the improvements needed to be made to the deteriorating sewage treatment facilities. Total draws on this loan are \$1,959,298 as of June 30, 2008. A quarterly debt service charge is being added to sewer users to meet this debt service.

The Authority spent \$1,982,296 on improving the aging sewer system. This was financed using the aforementioned bonds.

Economic Factors and Next Year's Goals

The Authority's financial outlook remains strong. The population in the service area is expected to remain constant or to slowly increase to slowly rising.

Contacting the Authority's Financial Management

This report is designed to provide a general overview of the Authority's financial position and comply with finance-related regulations. If you have further questions about this report or request for additional information, please contact the Authority at 827 North Zeeb Road, Ann Arbor, Michigan 48103.

BASIC
FINANCIAL
STATEMENTS

LOCH ALPINE SANITARY AUTHORITY OF WEBSTER AND SCIO TOWNSHIPS
STATEMENT OF NET ASSETS
JUNE 30, 2008

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,326,366	
Accounts receivable	152,194	
Prepaid expenses	<u>7,631</u>	
Total current assets		\$ 1,486,191

CAPITAL ASSETS

Land	23,500	
Office equipment	7,185	
Equipment	213,197	
Water and sewer system	3,175,561	
Iron removal plant	<u>643,423</u>	
	4,062,866	
Less accumulated depreciation	<u>(833,842)</u>	
Capital assets, net		<u>3,229,024</u>
Total assets		4,715,215

LIABILITIES

CURRENT LIABILITIES

Account payable	258,786	
Accrued interest payable	7,793	
Deposits	8,100	
Bonds payable - current portion	<u>95,000</u>	
Total liabilities		369,679

LONG-TERM LIABILITIES

Bonds payable - less current portion		<u>1,864,298</u>
Total liabilities		2,233,977

NET ASSETS

NET ASSETS

Invested in capital assets	1,269,726	
Unrestricted	<u>1,211,512</u>	
Total net assets		<u>\$ 2,481,238</u>

The notes are an integral part of the financial statements.

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants

LOCH ALPINE SANITARY AUTHORITY OF WEBSTER AND SCIO TOWNSHIPS
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

OPERATING REVENUES		
Water and sewer billings	\$ 531,952	
Other charges for services	<u>3,271</u>	
Total operating revenues		\$ 535,223
OPERATING EXPENSES		
GENERAL		
Management services	125,250	
Administration expenses	17,443	
Office supplies	933	
Printing and advertising	1,070	
Legal fees	45,108	
Postage and freight	1,250	
Audit fees	6,120	
Consulting fees	793	
Accounting services	20,032	
Insurance	28,861	
Repairs and maintenance	13,853	
Telephone	3,552	
Utilities	875	
Miscellaneous	186	
SEWER		
Repairs and maintenance	8,676	
Consulting fees	37,802	
Supplies	16,426	
Utilities	8,277	
Depreciation	25,915	
Permits	3,077	
Sludge removal	11,063	
Lab testing	861	
WATER		
Repairs and maintenance	37,643	
Consulting fees	4,314	
Utilities	12,934	
Depreciation	29,432	
Supplies	11,131	
Permits and testing	<u>2,539</u>	
Total operating expenses		<u>475,416</u>
Operating income		59,807
NON-OPERATING REVENUES (EXPENSES)		
Interest income	32,787	
Interest expense	<u>(12,250)</u>	
Total non-operating revenues (expenses)		<u>20,537</u>
Changes in net assets		80,344
NET ASSETS, JULY 1, 2007		<u>2,400,894</u>
NET ASSETS, JUNE 30, 2008		<u>\$ 2,481,238</u>

The notes are an integral part of the financial statements.

LOCH ALPINE SANITARY AUTHORITY OF WEBSTER AND SCIO TOWNSHIPS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Receipts from customers	\$ 557,785	
Payments to vendors	<u>(396,868)</u>	
Net cash from operating activities		\$ 160,917
CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to system	(1,742,870)	
Proceeds on issuance of bonds	1,959,298	
Interest paid on bonds	<u>(4,457)</u>	
Net cash from capital and related financing activities		211,971
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from operating		<u>32,787</u>
Net increase in cash and cash equivalents		405,675
CASH AND CASH EQUIVALENTS AT JULY 1, 2007		<u>920,691</u>
CASH AND CASH EQUIVALENTS AT JUNE 30, 2008		<u><u>\$ 1,326,366</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income		\$ 59,807
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation expense		55,347
Changes in assets and liabilities		
Receivables, net		22,562
Prepaid expenses		18,096
Accounts and other payables		<u>5,105</u>
Net cash provided (used) operating activities		<u><u>\$ 160,917</u></u>

The notes are an integral part of the financial statements.

NOTES
TO
FINANCIAL
STATEMENTS

LOCH ALPINE SANITARY AUTHORITY OF WEBSTER AND SCIO TOWNSHIPS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - DESCRIPTION OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ENTITY - The Authority was formed by Webster and Scio Townships in May 1957 under Act No. 233 of the Public Acts of 1955. The purpose of the Authority is to acquire, own, extend, improve and operate a sewage disposal system and a water supply system.

A. SIGNIFICANT ACCOUNTING POLICIES

The accounts of the Authority are organized on the basis of a proprietary fund type, specifically an Enterprise Fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the Authority's assets, liabilities, net assets, revenues, and expenses. Enterprise funds account for activities:

1. That are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or
2. That are required by laws or regulations that the activity's costs of providing service, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar reviews; or
3. That the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in the financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

B. MEASUREMENT FOCUS

The financial activities of the Authority are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets and liabilities associated with its operations are included on the statement of net assets; revenues are recorded when earned, and expenses are recorded when liabilities are incurred.

C. CASH AND CASH EQUIVALENTS

The Authority considers its deposits and restricted deposits and investments held with maturities of three months or less are considered to be cash equivalents.

D. CAPITAL ASSETS

Capital assets are stated at cost. Depreciation and amortization are computed using the straight-line method based on the estimated useful lives of the related assets, which range from 5 to 40 years for equipment and 5 to 40 years for buildings, structures, and improvements.

E. CONSTRUCTION-IN-PROGRESS

The costs of acquisition and construction of major plant and equipment is recorded as construction-in-progress. As facilities are accepted by the Authority and become operative, they are transferred to the facilities and improvements or machinery and equipment accounts and depreciated in accordance with the Authority's depreciation policies. Costs of construction projects that are discontinued are recorded as expense in the year in which the decision is made to discontinue such projects.

LOCH ALPINE SANITARY AUTHORITY OF WEBSTER AND SCIO TOWNSHIPS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - DESCRIPTION OF ENTITY AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES (continued)

F. CAPITALIZATION OF INTEREST

A portion of the interest cost incurred on capital projects is capitalized on assets that require a period of time for construction or to otherwise prepare them for their intended use. Such amounts are amortized over the useful lives of the assets.

G. PREMIUM AND ISSUANCE COSTS

Bond discount, premium, and issuance costs are amortized over the term of the related bonds.

H. INCOME TAXES

As a government agency, the Authority is exempt from both federal income taxes and Michigan Single Business Tax.

NOTE 2 - MANAGEMENT'S ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - BUDGETARY DATA

The Authority follows these procedures in establishing its budgetary data:

1. The Authority prepares the annual operating budget and submits copies to the Webster and Scio Township Boards.
2. Public hearings are conducted to obtain Authority customers' comments.
3. The budget is legally adopted by approval of the members of the Authority's board.
4. Rate increases must be approved by the members of the Authority's board.

LOCH ALPINE SANITARY AUTHORITY OF WEBSTER AND SCIO TOWNSHIPS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 4 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Authority to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Authority deposits are in accordance with statutory authority. The Authority maintains an imprest petty cash of \$100.

The Governmental Accounting Standards Board Statement No. 40 risk disclosures for the Authority's deposits are as follows:

<u>Deposits</u>	<u>Amount</u>	<u>Bank Balance</u>
Insured	\$ 100,000	\$ 100,000
Uninsured and uncollateralized	<u>1,226,266</u>	<u>1,222,493</u>
	<u>\$ 1,326,266</u>	<u>\$ 1,322,493</u>

The Authority's cash and investments are subject to types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. At year end, the Authority had \$1,222,493 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer.

NOTE 5 - STATEMENT OF CASH FLOWS

Pursuant to the Governmental Accounting Standards Board (GASB) statement number 9, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year. Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less. The direct method was utilized to present cash flows from operations.

LOCH ALPINE SANITARY AUTHORITY OF WEBSTER AND SCIO TOWNSHIPS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 6 - CAPITAL ASSETS

The following is a schedule of capital asset activity for the year ended June 30, 2008:

	Balance 7/1/2007	Additions	Deletions	Balance 6/30/2008
Land	\$ 23,500	\$	\$	\$ 23,500
Office equipment	7,185			7,185
Equipment	213,197	2,064,800		2,277,997
Water and sewer system	1,110,761			1,110,761
Iron removal plant	643,423			643,423
Totals	\$ 1,998,066	\$ 2,064,800	\$	\$ 4,062,866
ACCUMULATED DEPRECIATION				
Water and sewer system	\$ 778,494	\$ 55,348	\$	\$ 833,842
CONSTRUCTION IN PROGRESS	\$ 82,504	\$ 1,982,296	\$ 2,064,800	\$

Depreciation is computed using the straight line method. Useful lives of the proprietary assets are as follows:

- | | |
|-----------------------------|--------------|
| 1. Buildings | 25 years |
| 2. Machinery and equipment | 5 - 10 years |
| 3. Office equipment | 5 - 10 years |
| 4. Services - water & sewer | 5 - 10 years |
| 5. Systems | 5 - 10 years |

There was \$1,959,298 of debt outstanding as of June 30, 2008 that was associated with these capital assets.

NOTE 7 - LONG-TERM DEBT

The Authority issued bonds payable with the Michigan Municipal Bond Authority (MMBA) for bonds up to \$2,200,000 to finance the sewer improvement projects undertaken the fiscal year ended June 30, 2008. This loan has not fully been drawn on, but had an outstanding balance of \$1,959,298 as of June 30, 2008. Principal payable in annual installments ranging from \$95,000 to \$130,000 starting October 2008, and maturing in October 2027. Interest is paid semi-annually charged at 1.625%.

The Authority is charging its sewer users quarterly to repay this debt.

The following is a schedule of changes in the long-term debt of the Authority:

	Balance 7/1/2007	Additions	Deletions	Balance 6/30/2008	Amount Due Within One Year
MMBA - Bonds	\$	\$ 1,959,298	\$	\$ 1,959,298	\$ 95,000

LOCH ALPINE SANITARY AUTHORITY OF WEBSTER AND SCIO TOWNSHIPS
NOTES OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 7 - LONG-TERM DEBT (continued)

	Bonds Payable		
	Principal	Interest	Total
2008 - 2009	\$ 95,000	\$ 31,647	\$ 126,647
2009 - 2010	95,000	31,350	126,350
2010 - 2011	95,000	29,806	124,806
2011 - 2012	100,000	28,221	128,221
2012 - 2013	100,000	26,596	126,596
2013 - 2018	525,000	107,914	632,914
2018 - 2023	570,000	63,513	633,513
2023 - 2027	379,298	16,211	395,509
	<u>\$ 1,959,298</u>	<u>\$ 335,258</u>	<u>\$ 2,294,556</u>

NOTE 8 - CONTINGENCIES

The Authority is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Authority.

NOTE 9 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 10 - SEWER BILLINGS

The system currently has 535 users that are billed quarterly for water/sewer service. Users are billed a usage charge, a readiness to serve charge, and a sewer debt service charge to pay for bonds issued.

NOTE 10 - MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

The Authority was a recipient of a \$40,680 grant by the Michigan Department of Environmental Quality in the previous year. The grant funds were used to fund various sewer projects. The grant was completed during the fiscal year, but remains open for state compliance audits. All funds received were state funds.

NOTE 11 - SEGMENT INFORMATION

Selected financial information is as follows:

Operating revenue	\$ 535,223
Depreciation	55,348
Total assets	4,715,215
Total fund equity	2,481,238
Net change in net assets	80,344



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December 12, 2008

Board of Trustees
Loch Alpine Sanitary Authority of
Webster and Scio Townships
827 North Zeeb Road
Ann Arbor, MI 48103

Dear Honorable Board Members:

During our audit of Loch Alpine Sanitary Authority of Webster and Scio Townships we came across various matters that we would like to discuss with you as part of our audit presentation for the year ending June 30, 2008.

The matters which we would like to discuss with you are as follows:

Auditing standards require us to communicate to you significant deficiencies in your internal controls and accounting procedures.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

We consider the following to be material weakness of the Authority.

- As in most small organizations the Authority has a lack of segregation of duties in its accounting department. The Authority has one (1) person who maintains the general ledger, does bank reconciliations, receipts funds, and has the ability to sign checks (make disbursements).

OTHER MATTERS

- Several deposits were unchanged from the previous fiscal years. The Authority should research the history of these funds, and refund customers where applicable.

This letter does not affect our report dated December 12, 2008 on the financial statements of the Authority.

We will review the status of these matters during our next audit engagement. We have already discussed these with various Authority personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Board of Trustees and management of the Authority and is not intended to be and should not be used by anyone other than the specified parties.

Pfeffer, Hanniford & Palka, P.C.

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